



WATER RATE REPORT FY2015

City of Casa Grande

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Executive Summary

The City of Casa Grande Water service expenditures are 100% user fee funded. The rates to provide this funding are reviewed annually to ensure the revenue is sufficient to pay for the expenditures. There is also a loan requirement that the City meet certain benchmarks to ensure repayment of the loan issued to finance the water system improvements.

Financial Picture

The following schedule presents the current financial picture of the water operations fund. As shown, water user fees are not generating sufficient revenue to cover ongoing operational costs of the water system.

The main drivers of this rate increase are operational requirements and federal mandates regarding Nitrate removal. Ongoing capital repairs to the system are projected to be \$50,000 annually and in FY2015 there is a large capital investment related to federally mandated Nitrate removal. Any increase to this projection will have a substantial impact on the required level of rates

Based on current projections additional rate increases will be required on an annual basis to maintain operations and cover existing debt service. In the following projection this fund is utilizing existing savings to offset ongoing expenditures as rate increases are phased in over the five-year period. Beginning in FY2018 annual revenues are sufficient to cover annual expenditures.

If you have any questions, please contact Doug Sandstrom at dsandstrom@casagrandeaz.gov or by phone at (520)421-8600.



**WATER OPERATING (550)
FIVE YEAR FORECAST**

	Actual FY2013	Forecast FY2014	Budget FY2015	Projected FY2016	Projected FY2017	Projected FY2018	Projected FY2019
Beginning Cash	723,202	699,800	530,100	229,700	183,400	160,100	161,000
User Fees	173,261	173,200	215,400	176,100	205,600	236,400	268,600
Penalty	674	800	800	800	800	800	800
Other	21,368	400	400	400	400	400	400
Available Cash	918,504	874,200	746,700	407,000	390,200	397,700	430,800
Personnel	54,767	62,200	37,600	39,500	41,500	43,600	45,800
Contract/Supplies	122,508	166,300	214,300	129,000	133,500	138,100	142,900
Capital	38,025	100,000	250,000	40,000	40,000	40,000	40,000
Debt	3,429	15,600	15,100	15,100	15,100	15,000	15,100
ENDING CASH	699,776	530,100	229,700	183,400	160,100	161,000	187,000

	2013	2014	2015	2016	2017	2018	2019
Residential Customers	277	276	277	278	279	280	281
<i>Growth Rate</i>			0.5%	0.5%	0.5%	0.5%	0.5%
Anticipated Consumption	13,682	14,000	14,280	14,566	14,857	15,154	15,457
<i>Growth Rate</i>			2.0%	2.0%	2.0%	2.0%	2.0%
Personnel				5.0%	5.0%	5.0%	5.0%
Contract/Supplies				5.0%	5.0%	5.0%	5.0%

Monthly Rate Increase	2014	2015	2016	2017	2018	2019
5/8 & 3/4" Meter Fee	0.00	2.00	1.85	2.04	2.24	2.46
1" Meter Fee	0.00	3.75	3.38	3.71	4.08	4.49
1-1/2" Meter Fee	0.00	4.35	4.04	4.44	4.88	5.37
2" Meter Fee	0.00	5.00	5.00	5.50	6.05	6.66
3" Meter Fee	0.00	5.00	5.50	6.05	6.66	7.32
4" Meter Fee	0.00	7.00	7.70	8.47	9.32	10.25
6" Meter Fee	0.00	10.00	13.00	14.30	15.73	17.30
Consumption Rate	0.00	0.60	0.50	0.50	0.50	0.50

RATES	Current	2015	2016	2017	2018	2019
3/4" Meter Fee	16.50	18.50	20.35	22.39	24.62	27.09
1" Meter Fee	30.00	33.75	37.13	40.84	44.92	49.41
1-1/2" Meter Fee	36.00	40.35	44.39	48.82	53.71	59.08
2" Meter Fee	45.00	50.00	55.00	60.50	66.55	73.21
3" Meter Fee	50.00	55.00	60.50	66.55	73.21	80.53
4" Meter Fee	70.00	77.00	84.70	93.17	102.49	112.74
6" Meter Fee	120.00	130.00	143.00	157.30	173.03	190.33
Consumption Rate	2.40	3.00	3.50	4.00	4.50	5.00

3/4" Meter Fee	0%	12.1%	10.0%	10.0%	10.0%	10.0%
1" Meter Fee	0%	12.5%	10.0%	10.0%	10.0%	10.0%
1-1/2" Meter Fee	0%	12.1%	10.0%	10.0%	10.0%	10.0%
2" Meter Fee	0%	11.1%	10.0%	10.0%	10.0%	10.0%
3" Meter Fee	0%	10.0%	10.0%	10.0%	10.0%	10.0%
4" Meter Fee	0%	10.0%	10.0%	10.0%	10.0%	10.0%
6" Meter Fee	0%	8.3%	10.0%	10.0%	10.0%	10.0%
Consumption Rate	0%	25.0%	16.7%	14.3%	12.5%	11.1%